

**TALENT MANAGEMENT :  
ALTERNATIVE MODE OF PRODUCING QUALITY  
LEADERS**

**BY**

**FAIZAH MOHAMED**

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**ABSTRACT**

**Supervisor : KARL WAGNER, Ph.D.**

Talent Management should be given the top priority on corporate agendas given the challenges of increased global competition, rapid technological changes and occupational obsolescence.

This study investigates the talent management practices by organizations in Malaysia and its relations in producing quality leaders. It also investigates the role and support towards talent management in their organizations. Quality leaders reported by Ruth Tait (1996) were focuses on the qualities and skills they felt to be essential for success in directing and guiding a large organization.

A structured questionnaire was developed and self-administered to companies in Malaysia. Past analysis results reveal that number of quality leaders will increase with the increase effort in the development and implementation of Talent Management programmes by organizations.

Abstrak tesis yang dikemukakan kepada Senat Open University Malaysia sebagai memenuhi sebahagian keperluan untuk Ijazah Sarjana Pengurusan.

**PENGURUSAN STAF BERKALIBER:  
SALAH SATU PENYELESAIAN MENAMBAH PEMIMPIN BERKUALITI**

Oleh

**FAIZAH MOHAMED**

**ABSTRAK**

**Penyelia : KARL WAGNER, Ph.D.**

Pengurusan staf berkaliber sepatutnya diberi keutamaan dalam agenda korporat disebabkan oleh peningkatan saingan global, perubahan teknologi yang pantas dan pekerjaan yang tidak lagi memenuhi kehendak semasa.

Kajian ini menyelidik mengenai amalan pengurusan staf berkaliber oleh organisasi dalam Malaysia dan hubungannya dalam penambahan pemimpin berkualiti. Ia juga mengkaji peranan dan sumbangan pengurusan staf berkaliber dalam organisasi. Pemimpin berkualiti yang telah dilaporkan oleh Ruth Tait (1996) berpendapat bahawa tumpuan kepada kemahiran dan kualiti adalah penting untuk berjaya dalam mengarah sesebuah organisasi besar.



Borang Soal Selidik yang berstruktur telah dibuat dan ditadbir sendiri kepada syarikat-syarikat di Malaysia. Keputusan analisa yang lepas telah menunjukkan bahawa jumlah pemimpin yang berkualiti akan bertambah selaras dengan pertambahan inisiatif dalam pembangunan dan pelaksanaan program Pengurusan Staf Berkaliber oleh organisasi.

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In the name of Allah SWT, the Compassionate and the Merciful, to whom I owe the strength and sense of purpose that enabled me to complete this thesis.

Writing a thesis requires an enormous level of commitment and discipline. For a career woman, a wife and a mother of three children, it was a very challenging task and has taken great deal of sacrifices. In the process of completing this thesis, there are so many people to whom I owe great debt of gratitude. I would like to express appreciation to certain individuals who made particularly significant contributions to my thesis.

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This thesis submitted to the Senate of Open University Malaysia has been accepted as partial fulfillment of the requirement for the degree of Master of Management.

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## DECLARATION

Name : FAIZAH MOHAMED

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I hereby declare that this project paper is the result of my own work, except for quotations and summaries which have been duly acknowledged.

Signature:  \_\_\_\_\_

Date: 4/9/06

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Background of the Study**

##### **1.1.1 Introduction**

A great business leader can focus employees on business goals, build highly effective teams, and drive organizational performance. Yet only a handful of companies know how to produce the world-class leaders who are so vital to sustained success. More and more leaders are more in demand nowadays as the economy and world businesses moving aggressively toward globalization.

A recent Goldman Sachs report notes that India's economy could be larger than Japan's by 2032 and China's could be larger than the U.S 2040. The World Bank estimates that by the year 2020, Indonesia will boast the world's fifth larger economy and Thailand the eighth. As these markets grow stronger they are opening up a wealth of new opportunities, but many companies simply cannot find the leaders they need to bring them to fruition (Hewitt Quarterly Asia Pacific, Volume 4/Issue 2, page 4).

Paul Carter, Area President, GlaxoSmithKline China explains, " We are definitely facing a leadership shortage in Asia Pacific, and this is especially true in China, where it is very hard to find local leaders. It all boils down to supply and demand. There are many extremely talented people here but unfortunately they lack the necessary experience for senior roles. Those people with experience are fiercely pursued." (Hewitt Quarterly Asia Pacific, Volume 4/Issue 2, page 4).

While not every country faces a leadership challenge of the same scale as China, it is becoming an increasingly common complaint throughout the region. From Mumbai to Melbourne, Beijing to Brunei and Seoul to Singapore, companies are worried about how they are going to find their future leaders.

#### **1.1.2 Facing the Crisis**

Concerns about the leadership shortage are prevalent throughout the region because a lack of effective leadership in any business has a dramatic impact on the performance of the organization. Alec Bashinsky, National Partner, People & Performance with Deloitte Touche Tohmatsu in Australia says, "Effective leadership has an absolute effect on the business achievements of any organization, and leaders are clearly those people who motivate, inspire and engage their teams through a strategy designed to grow the business. (Hewitt Quarterly Asia Pacific, Volume 4/Issue 2, page 4).

Following to the high demand of quality leaders, numbers of organizations have keen in investing in programme towards producing quality leaders. Since it is consider as high in the agenda of the organizations efforts and its significant contributions towards the business success and sustainability, therefore more and more top managements has fully support and encourage such programme especially when it touches retaining the talent in their organization. Of special concern is the development of future leaders able to navigate and exploit the complexities of a global business environment.

It is possible for an organization to succeed for awhile on the strength of one innovative product or a single dynamic leader. But to sustain that success, organizations constantly need to reinvent their products and themselves and to do that, they need lots of leaders. They need leaders throughout the organization to make quick, smart decisions and get them implemented effectively today and they need to teach new generations of leaders to do the same tomorrow.

Hewitt conducted a study of 240 major public and private U.S. companies to explore the organizational levels that contribute to leadership strength and depth. It is one of the first studies to seriously examine the "behind the scenes" efforts of companies that consistently produce great leaders. "Our research indicates that three main practices separate leader making companies from the rest," says Marc Effron, Hewitt's Leadership Consulting Practices Leader. "There are CEO

and top management involvement: an emphasis on identifying, developing, and rewarding high potential employees; and an integrated approach to leadership development.” (Hewitt Magazine, Volume 5, Issue 3, Page 18)

Great leadership teams build trust and confidence among their people. They motivated and inspire. They anticipate challenges and redirect the organization in timely and appropriate ways, unifying the workforce behind a single cause and driving the kind of performance that allowed companies such as Southwest Airlines to soar or an IBM to reboot itself. Simply put, they deliver better business results.

Anecdotes and case studies abound when it comes to companies that are known for developing leaders but no clear answers exist about exactly what enables an organization to continually produce a stream of great leaders. Why is it that GE had three CEOs in waiting when Jack Welch decided to retire, a situation that would throw many other companies into a crisis? How is it that Procter & Gamble can fill all leadership positions for a growing \$43 billion business without a single executive hired from the outside and, at the same time, have 60 P&G alumni in CEO positions elsewhere?

### **1.1.3 Leadership defined**

Morden, A.R. (1996) comments that leadership means getting things done through people (pp.159). Amstrong, M. (1990) suggest that leadership happens when there is an objective to be achieved, or a task to be carried out, and when more than one person is needed to do it. All managers are by definitions leaders in that they can only do what they have to do with the support of their team, who must be inspired or persuaded to follow them. Leadership is therefore about encouraging and inspiring individuals and teams to give their best to achieve a desired result. Leadership is required because someone has to point the way and ensure that everyone concerned gets there. Leader's aim is to get people to do what he wants by obtaining willing cooperation, not grudging submission.

Murphy, E.C. (1996) defines leaders as people "to whom others turn when missions need to be upheld, breakthroughs made, and performance goals reached on time and within budget". Murphy suggests that leaders "transcend the problems of the moment to reveal the possibilities of human nature through intelligence and perseverance".

Bennis, W. and Townsend. (1995) restates his famous but controversial dictum that "Leaders are people who do the right things and managers are people who do things right. Leaders are interested in direction, vision, goals, objectives,

intention, purpose, and effectiveness; the right things. Managers are interested in efficiency the how to do the day-to-day, the short run of doing things right.

Leadership is defined as relevant to all sectors of activity, whether corporate, entrepreneurial, or institutional. The definitions given above can be applied equally and without difficulty to any and all of these sectors of human activity.

#### **1.1.4 The Total System**

Companies vary in terms of the behaviors and capabilities they are looking for in their leaders, how many leaders they require, and what measures and rewards will be implemented. The biggest problem for many organizations is a lack of flexibility in the alignment of their practices. These companies try to stick out to one competency model, a standard development programme, and traditional methods of attracting and searching of leaders.

Bell believes many of these problems can easily be solved by implementing a clear leadership strategy that answer questions such as how will we ensure we match the capabilities of our leaders to the current and emerging needs of the business? Are we committed to developing talent from inside or hiring from outside? How aggressive should our investment in leadership be? (Hewitt Quarterly Asia Pacific, Volume 4/Issue 2, page 5).

In a highly competitive and turbulent leadership talent environment, we must not take the engagement of our leaders for granted. Hewitt's research shows only too clearly that many organizations do not meet their full potential when it comes to the effectiveness of their leadership talent, because at least 25 % of their executive population is not passionate about the organization's goals and strategy. Despite this, organizations are relying on these very people to lead others employees to achieve company goals. If the leaders are not passionate and committed to the company's objectives, so definitely would not expect the employees to be passionate as well.

#### **1.1.5 Developing Leaders**

One of the questions asked to the Human Resource and Organization Development professionals is "are leaders born, or are they made?" as in any 'nature versus nurture' debate it is generally accepted that the right answer is a bit of both. While such a debate can be lively and interesting, ultimately it is to a large degree redundant.

It is believed that all people have untapped leadership potentials, just as all people have untapped athletic potentials. There are clear differences due to nature and nurture, that is genes and development, to how much untapped potential there may be. But no matter what level of athletic or leadership



performance a person currently exhibits, he or she can make improvements or can be trained.

It is known that not everyone can be the CEO of a multi-billion dollar corporation, just as not everyone can be an Olympian or win at Wimbledon, but with coaching and practice, we can all be a lot better than we are. The important teaching point is that leadership is in every one of us.

The fact is there is no universally effective leader but it depends on your organization's strategy. Also, the fact is there are not enough leaders available globally and there is a war for talent raging. As a result, there is a need for organization to get the right people on board and develop this talent to their fullest potential if they are to achieve strategic goals.

#### **1.1.6 Talent Management**

Many organizations are devoting considerable energy to building their leadership capacity to gain competitive advantage. However, this effort is a struggle for many. Emerging research links an organization's ability to develop its leadership capacity to its competitive advantage (Watson Wyatt, 2003; Wellins and Weaver, 2003). For example, a recent international study found that the more robust a company's approach to building internal leadership capacity, the greater the financial return in critical financial measures such as shareholders returns,

growth in net increase, growth in market share and return in sales. There are other financial concerns with the return on investment of leadership development. For example, organizations now spend millions of dollars annually on leadership development (Meritt,2003). Many also dedicating a greater portion of their overall training budgets to leadership development programmes (Delahoussaye,2001). Yet organizations are largely squandering this investment and are not generating the return on their investment.

CEOs and senior executives are quickly coming to conclusion that a distinguishing characteristic of successful organizations is the ability to identify, develop and deploy exceptional leadership talent. Research such as the 1997 McKinsey study The War for Talent, and McKinsey's 2000 follow-up study have made business managers and HR leaders aware of the significant gaps that exist between their talent management requirements and their ability to successfully execute against these requirements. Since then, these conclusions have been reinforced by several other research studies. More specifically, there are five conclusions from the research data.

1. Many companies feel unprepared to capture and develop leadership talent that they need to succeed. In one survey that spanned 264 executives from six countries, almost two thirds of respondents rated the ability to develop effective leaders as critical to addressing marketplace

challenges, yet only 8 percent felt confident in their ability to manage leadership talent.

2. Executives feel that during the next few years, these leadership challenges will become even greater. Only about 25 percent of surveyed companies were confident in their ability to have in place the high-potential talent that they would need to drive future growth.
3. The projected shortfall of leadership talent is likely to affect all sections of our talent pipelines, not just retiring baby boomers. By 2020, executives believe the United States will experience a 15 percent reduction in professionals within the 35 to 44 age group- the age segment that has traditionally constituted a critical part of the High-Potential (HIPO) leadership pipeline.

(Robert Barner, 2006)

In the words of Hans Straberg, chief executive of the world's largest producer of appliances and equipment for kitchen, cleaning and outdoor use, and one of the largest producers in the world of similar equipment for professional users, "Building an increasingly strong talent base with the right attitude and enthusiasm is one of our most effective competitive weapons. We need to attract, develop and retain top talent, which in turn will develop Electrolux. It is absolutely vital that we succeed in this". The company's brands include AEG, Flymo, Frigidaire

and Zanussi. "In our highly competitive industry, having the right people in the right positions is the way to ensure that we seize our opportunities and that people perform at their best", he continued. "We believe that actively managing and developing our talent that is, our people and all their abilities and skills is a prerequisite for success. We have made talent management a strategic priority and part of our daily work". (David Pollitt, 2004, pp 23-25).

The company manages talent in the same way that it manages other key assets. Careers are viewed as Electrolux careers, and not limited by organizational or geographical boundaries. "We considers it not only a natural developments, but even more so, a career requirement to move among sectors, functions and regions", said Hans Straberg. "We believe that great leaders and great people create better results. That is why we devote so much management attention to talent management and people development. (David Pollitt, 2004, pp23-25).

Most organizations are just beginning to address these talent issues. Only 24 percent of respondents in one online survey on leadership talent indicated that their organization had a clear plan for developing leadership talent, and only 29 percent indicated that their organization were effective in connecting talent management to the needs of their business units. Over half of respondents surveyed in one study indicated that their leadership talent identification and development system had been in place less than three years.